## S. 2375

To amend the Internal Revenue Code of 1986 to modify and make permanent the election to treat certain costs of qualified film and television productions as expenses.

## IN THE SENATE OF THE UNITED STATES

NOVEMBER 15, 2007

Mrs. Lincoln (for herself, Ms. Snowe, Mr. Bingaman, Mr. Schumer, and Mr. Hatch) introduced the following bill; which was read twice and referred to the Committee on Finance

## A BILL

To amend the Internal Revenue Code of 1986 to modify and make permanent the election to treat certain costs of qualified film and television productions as expenses.

- 1 Be it enacted by the Senate and House of Representa-
- 2 tives of the United States of America in Congress assembled,
- 3 SECTION 1. MODIFICATION OF EXPENSING OF CERTAIN
- 4 QUALIFIED FILM AND TELEVISION PRODUC-
- 5 TIONS.
- 6 (a) Exclusion of Participations and Residuals
- 7 From Dollar Limitation.—Paragraph (2) of section
- 8 181(a) of the Internal Revenue Code of 1986 (relating to
- 9 dollar limitation) is amended to read as follows:

1	"(2) Dollar Limitation.—
2	"(A) In general.—The aggregate cost
3	which may be taken into account under para-
4	graph (1) with respect to each qualified film or
5	television production shall not exceed
6	\$15,000,000.
7	"(B) Participations and residuals ex-
8	CLUDED.—The term 'aggregate cost' does not
9	include participations and residuals (as defined
10	in section $167(g)(7)(B)$ ). The preceding sen-
11	tence does not apply to—
12	"(i) deferred payment arrangements,
13	structured as a fixed obligation to pay on
14	a date certain, regardless of the revenues
15	generated by a production, and
16	"(ii) noncontingent or guaranteed
17	payments where the recipient incurs mini-
18	mal risk of nonpayment and the amount is
19	not related to the revenue generated from
20	the production, including first dollar gross
21	participations to the extent such participa-
22	tions have priority over loan repayments,
23	distributor fees, and the cost of prints and
24	advertising.

1	"(C) Higher dollar limitation for
2	PRODUCTIONS IN CERTAIN AREAS.—In the case
3	of any qualified film or television production the
4	aggregate cost of which is significantly incurred
5	in an area eligible for designation as—
6	"(i) a low-income community under
7	section 45D, or
8	"(ii) a distressed county or isolated
9	area of distress by the Delta Regional Au-
10	thority established under section 2009aa-
11	"(iii) 1 of title 7, United States Code,
12	subparagraph (A) shall be applied by sub-
13	stituting '\$20,000,000' for
13	stituting '\$20,000,000' for
13 14	stituting '\$20,000,000' for '\$15,000,000'.".
13 14 15	stituting '\$20,000,000' for '\$15,000,000'.".  (b) Amortization of Remaining Costs.—Sub-
13 14 15 16	stituting '\$20,000,000' for '\$15,000,000'.".  (b) Amortization of Remaining Costs.—Subsection (b) of section 181 of such Code is amended to read as follows:
13 14 15 16	stituting '\$20,000,000' for '\$15,000,000'.".  (b) Amortization of Remaining Costs.—Subsection (b) of section 181 of such Code is amended to read as follows:
13 14 15 16 17	stituting '\$20,000,000' for '\$15,000,000'.".  (b) Amortization of Remaining Costs.—Subsection (b) of section 181 of such Code is amended to read as follows:  "(b) Amortization of Remaining Costs.—If an
13 14 15 16 17 18	stituting '\$20,000,000' for '\$15,000,000'.".  (b) Amortization of Remaining Costs.—Subsection (b) of section 181 of such Code is amended to read as follows:  "(b) Amortization of Remaining Costs.—If an election is made under subsection (a) with respect to any
13 14 15 16 17 18 19	stituting '\$20,000,000' for '\$15,000,000'.".  (b) Amortization of Remaining Costs.—Subsection (b) of section 181 of such Code is amended to read as follows:  "(b) Amortization of Remaining Costs.—If an election is made under subsection (a) with respect to any qualified film or television production, that portion of the basis of such production in excess of the amount taken
13 14 15 16 17 18 19 20 21	stituting '\$20,000,000' for '\$15,000,000'.".  (b) Amortization of Remaining Costs.—Subsection (b) of section 181 of such Code is amended to read as follows:  "(b) Amortization of Remaining Costs.—If an election is made under subsection (a) with respect to any qualified film or television production, that portion of the basis of such production in excess of the amount taken

- 1 (c) Expensing of Qualified Film and Tele-
- 2 VISION PRODUCTION COSTS MADE PERMANENT.—Section
- 3 181 of such Code is amended by striking subsection (f).
- 4 (d) Effective Date.—The amendments made by
- 5 this section shall apply to qualified film and television pro-
- 6 ductions commencing after the date of the enactment of

7 this Act.

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